experience of similar societies, this is computed to be in about ten years, but as the funds accumulate, members desirous of purchasing their own residences, or other freehold or leasehold property, for occupation or investment, previously to the expiration of the society, will have the amount of their shares advanced to them, on allowing an equitable bonus thereon and executing a mortgage of the property purchased, as security for the regular payment of their future subscriptions, &c., in accordance with the rules."

Such is the preamble of the prospectus put forth by this "Metropolitan Building Company," and in which there are four things to be considered and never to be forgotten in working the prospectus: 1st, The entrance fee of 2s. 6d. *per share;* 2ndly, The monthly contribution of 10s. per share; 3rdly, The annual postage fee of 1s.; and 4thly, The continuous payment of the subscriptions until they amount, with the profits, to 120*l.* per share. To these items we shall have to refer in the sequel; and in order, therefore, to hear the case from the lips of the directors, we shall now quote the advantages they offer additionally: thus,

"In other societies of this description, members, on having their shares advanced, are required to pay 4s. per share per month, as a redemption fee or interest, until the termination of the respective societies, which in the event of a protracted duration would subject them to a considerable loss: to obviate which, the redemption fees in this association will cease at the end of ten years, whether the whole of the shares are realized or not, and in order to prevent monopoly and to secure the advantages as nearly as possible in an equal degree to all members, none are allowed to subscribe for more than *five* shares on entering the association, but on having their shares advanced, members may take as many additional shares as will enable them to purchase any property they may desire."

The superior advantage here offered is stated to be, that the "redemption fees will cease at the end of ten years, whether the whole of the shares be realized or not;" for it cannot be argued that the subsequent portion of this notice holds out any advantage at all.

The directors further proceed to illustrate the principle of operation in this association, and we shall in justice set that illustration forth in their own words: thus,

"The following examples will act as a key to the calculations which form the basis of this association, and are given for the purpose of demonstrating the safety and eligibility of becoming a shareholder:—

"Supposing a member to occupy a house at a rental of 30*l.* per annum, and the landlord is willing to dispose of his lease, having sixty or seventy years to run, at a fair valuation; the ground-rent of such a house being 4*l.* per annum, and the purchase-money 240*l.* By subscribing for four shares, and allowing an equitable bonus to the association, or, in other words, a present discount of equal to 50 per cent. from the increased value of his shares, he would receive an immediate advance of cash from the association, sufficient to cover the amount of his intended purchase, thus—

Four shares, of 120*l.* each	£480	0	0
From which deduct 50*l.* per cent. per share, as above mentioned	240	0	0
Making the amount to be received for the four shares.....	£240	0	0
For the amount of 240*l.* received as above, the member will have to pay his monthly subscription of 10s. per share	£2	0	0
And 4s. per share as interest or redemption.....	0	16	0
Making a total monthly payment of	£2	16	0

"So that instead of 30*l.* a year for rent to his landlord, by paying this association 33*l.* 12s. per annum for about ten years, in addition to the ground-rent, he has become the purchaser of his residence, which he could not have done on such advantageous terms, but through the medium of this or some similar association; and although at first sight 50*l.* per cent. may appear a large discount for immediate cash, instead of waiting the termination of the society, it will be found on calculation not to be so, because a payment of 33*l.* 12s. per annum for ten years for the present receipt of 240*l.* is only at the rate of about 5*l.* per cent. compound interest; whilst the actual sum paid to the association for the use of the money is but 4*l.* per cent. thereon, thus—

A payment of	£33	12	0 per annum.
For.....		10	years.
Amounts to	£336	0	0
£4. per cent. on 240*l.*	£9	12	0
Multiplied by the number of years			10
	96	0	0
Add cash advanced, as above....	240	0	0
	£336	0	0

"From the above calculations, it is obvious that to become a member of this association must be highly advantageous to every tenant, because by paying to the association a trifle more per annum than he has been in the habit of paying for rent, he may by monthly instalments buy his present residence, or some other equally suitable for him, with the very money he would otherwise be paying to the landlord for rent only, while, if he is not a member of a similar institution to this, he may pay his rent for thirty or forty years, and never become the owner of the premises, although in the shape of rent he has paid their value several times over."

What is meant by the term nexus? Is it meant that the man surrenders 240*l.* to the association, when it allows or lends him 240*l.*? And that he binds himself to pay up the amount of the four shares of 120*l.* each? The prospectus leaves this point altogether unsettled, as far as an ordinary reader can understand it; and our conclusion is, that the borrower undertakes to pay, in the long run, the sum of 480*l.* If we are in error here, we shall be glad to be corrected; but believing we view the matter through the same medium it is seen in by the association, we proceed to the examination of the details in the prospectus.

To analyze this account, or the examples propounded, the party taking four shares of 120*l.* each covenants to pay the association in the long run 480*l.*; but if he elect to take a house, he consents to surrender one-half, and take 240*l.*, with which he buys his house, which he mortgages to the association till he shall have paid for it in full the sum of 480*l.*

Moreover, he bargains to pay these 480*l.* by a monthly contribution of 2*l.* 16s., or an annual payment of 33*l.* 12s., which is written up as 336*l.* in ten years. But on the opposite side he owes the society 9*l.* 12s. per annum for interest on 240*l.* lent him, or 96*l.* in ten years.

The account is made fairly to balance, Dr. 336*l.*, Cr. 336*l.*, or *vice versâ*, whichever you will.

Thus it is made to appear that the man gets a (freehold or) long leasehold house for 336*l.*, exclusive of 4*l.* a year ground-rent, which in ten years would make a gross sum of 376*l.*, as for the house, without any consideration of interim repairs, painting, and so forth, which, being his own landlord, he must have done, or allow his property to dilapidate fearfully.

The man, however, is not released from his obligation to the association by the payment of 336*l.* in ten years; he has still 240*l.* of a bonus to pay, which he surrendered for an immediate sum of similar amount. If he fulfil his contract, he has to pay this off by the continuous contribution, we presume, of 2*l.* 16s. a month, or 33*l.* 12s. a year; so that he must continue to pay for seven years and two months longer the same contribution. In other words, if our view of the case be correct, in seventeen years and two months he and the association will cry "quits."

But reasoning simply by the statement of the association, the man pays annually for ten years,

Annual contributions, including interest on loan of 240*l.*.....	£33	12	0
Ground-rent	4	0	0
Dilapidations (say)	2	10	0
Total as to practice	£40	2	0

And for seven years more he pays off 240*l.* still in arrear.

This, we presume, is not the way to view the question, though it is the light in which the directors wish it to be seen by the public. The public see one item which we must now consider as an integral element in the calculations of the directors—we mean "interest" or the *improvement of money*. The man pays 4 per cent. per annum, or 9*l.* 12s., for the use of 240*l.* The directors receive from him 2*l.* 16s. a month. We throw out of the question the entrance-fees of 2s. 6d. per share, and postage-charge of 1s. a year, and deal only with the aggregates he pays as for his dwelling.

This payment of 2*l.* 16s. a month is a temporary annuity which, according to our to view of the case, the man is bound to pay the directors for upwards of seventeen years, or else have his mortgage foreclosed, and be stripped of his property at the valuation of the surveyor of the association acting for the directors. If he demur to this official's dictum, the solicitor of the directors will refer it to the litigant's own surveyor, or to an umpire, in the event of disagreement between the "professional men" on either side. But all this must be done at the man's cost, for he will have to settle the business with the solicitor, who acts for the association.

Let us, therefore, now see how the case stands by the improvement of money at 5 per cent. on the part of the directors, to whom the man pays monthly 2*l.* 16s. for ten years. This payment or annuity is stated to be yearly 33*l.* 12s. Be it so: in ten years the directors will have accumulated 429*l.* But if we allow him about the present value of 1*l.* for his loss of time in waiting upon the directors with his subscription, and say that he pays annually 34*l.* 11s. 2d., he will, or they will, have accumulated in ten years the sum of 441*l.* Thus the house stands him in the sum of 44*l.* a year for ten years, without consideration of two items, which, depend upon it, the directors will look after—to wit, ground-rent and dilapidations. With the addition of these items he pays annually 41*l.* 1s. 2d. for this period. This sum, if the ground-rent and dilapidations be payable also monthly, will amount to 524*l.* in ten years; and there is no reason why the directors should not exact these extra sums in this simple method, which might be "equally suitable" to the borrower,—

Paying £33. 12s. a year, he pays	£429	}	in ten years.
Ditto 34 11s. 2d. ,, ..	441		
Ditto 41 1s. 2d. ,, ..	524		

Yet he is made to believe that he pays only 336*l.* in all; whereas

By the first he pays.....	£93	}	in ten years.
By the second ,, ...	105		
By the third ,, ...	188		

more than contemplated under the directors' statement of the case, or, in other words, they gain in that rate; and this last is the true estimate.

Moreover, the man has still to liquidate the bonus which he gave the association:—that is to say, he is in debt to the directors 240*l.* at the end of ten years, and in seven years and two months more he will have paid this off by an annual charge of 33*l.* 12s., but more properly by the temporary annuity of 2*l.* 16s. per month for seven years and two months.

Suppose now the directors as prudent men, well versed in the improvement of money, fructify these periodical payments at the rate of 5 per cent. for seven years and two months; the *unfortunate speculator* will have paid them, or they will have accumulated the sum of 306*l.*

But the "*Speculator*" will have to pay besides the sum of 4*l.* for ground-rent and 2*l.* 10s. for repairs and dilapidations, or annually 40*l.* 2s., which the directors will improve at 5 per cent. compound interest, and realize the sum of 365*l.* The man, meanwhile, fancying that he has paid in the one case 240*l.*, and in the other 286*l.*, whereas the account stands thus:—

Money paid	£240	}	Directors' profit £66.
Ditto improved	306		
Ditto paid	286	}	Directors' profit £79.
Ditto improved	365		

Let us next examine how the matter really exists as between the debtor-speculator, and the capitalist directors at the end of seventeen years two months:—

Dr.		*Cr.*	
To bonus	£240	By annual payments improved at 5 per cent. compound interest for ten years	£524
To loan and interest.....	336	By ditto for seven years and two months similarly improved.....	365
To ground-rent for seventeen years.....	68		
To repairs, &c., for same time	43		
To balance	202		
	£889		£889